



FISCAL Q2 2023 RESULTS

January 31, 2023



DISCLOSURES



Cautionary Statement Regarding Forward Looking Statements

Statements contained in this presentation that are not historical fact may be forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may relate to, among other things, the third quarter of fiscal year 2023 and full year fiscal 2023 guidance, the ability to execute on the company strategy, the ability to achieve revenue targets, the ability to implement expansion plans, and TCO savings, fossil fuel reduction and trees saved through the Company's resource savings servers. Such forward looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from those anticipated, including: (i) the global COVID-19 pandemic may continue to present significant uncertainties for parts of our business including our supply chain, our production operations and customer demand, (ii) our quarterly operating results may fluctuate, which could cause rapid declines in our stock price, (iii) as we increasingly target larger customers and larger sales opportunities, our customer base may become more concentrated, our cost of sales may increase, our margins may be lower and our sales may be less predictable, (iv) if we fail to meet publicly announced financial guidance or other expectations about our business, our stock could decline in value, (v) the average sales prices for our server solutions could decline if customers do not continue to purchase our latest generation products or additional components, and (vi) adverse economic conditions may harm our business. Additional factors that could cause actual results to differ materially from those projected or suggested in any forward looking statements are contained in our filings with the Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in such filings, particularly in our Annual Report on Form 10-K for our fiscal year ended June 30, 2022, and Quarterly Reports on Form 10-Q filed thereafter.

Use of Non-GAAP Financial Measures

Each of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margins, and non-GAAP diluted net income per common share adds back and excludes various items that are discussed in the accompanying reconciliation table herein. Management presents non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses the non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes that the non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures have limitations as an analytical tool and are not intended to be an alternative to financial measures prepared in accordance with GAAP. A reconciliation from gross margin to non-GAAP gross margin, from operating expenses to non-GAAP operating expenses, from operating margins to non-GAAP operating margins, from diluted net income per common share to non-GAAP net income and diluted net income per common share, and various other non-GAAP financial measures are included in the tables at the back of this presentation.

CEO TAKEAWAYS



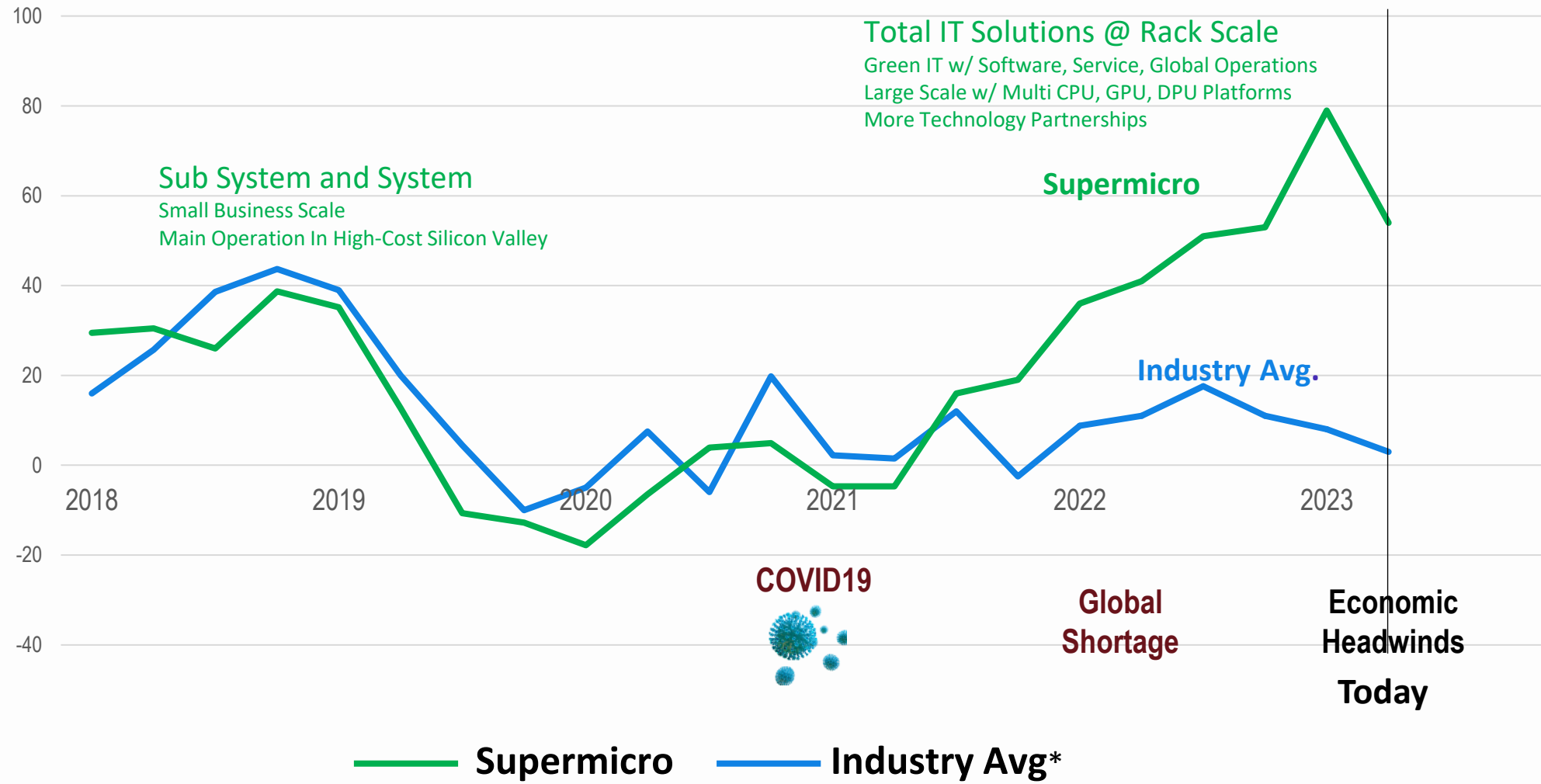
Strong Revenue

- Q2 FY23 revenue: **\$1.8B, +54% YoY and -3% QoQ growth**
- Diversified customer contribution with robust adoption of rack scale Total IT Solutions
- Balanced results from all verticals and across all geographies
- First to market with launch of new X13, H13, and H100 SKUs, all in early stages of refresh cycle
- Continued product expansion across Total IT Solutions addressing broader markets

Executing on Our Strategy

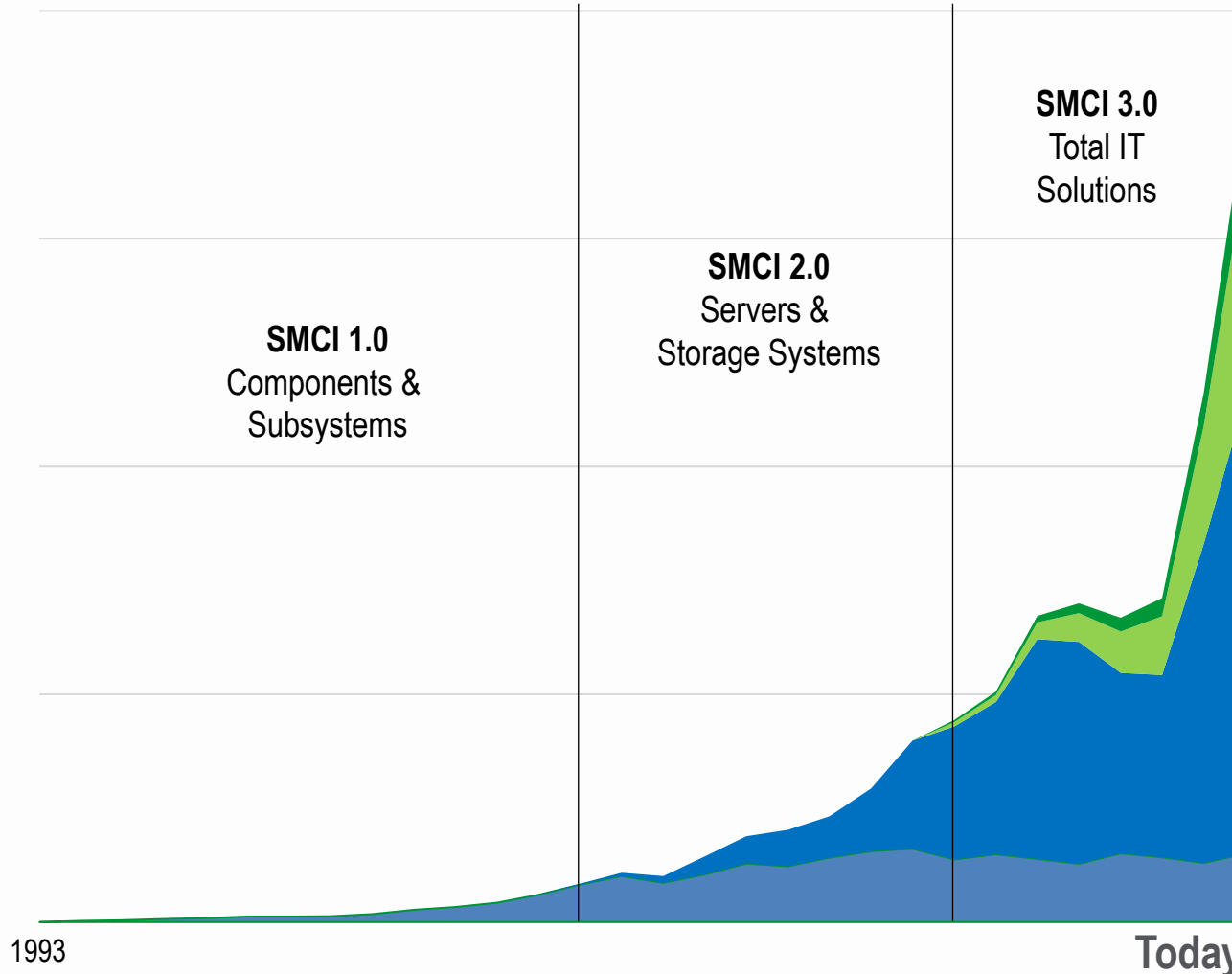
- Total IT Solution Racks available for all new CPU/GPU/DPU launches using Building Block Architecture
- Green Computing: Advancing Liquid Cooled technologies entering/in Rack Scale Betas
- Software engineering scaling, increasing software and security content
- Operational expansion continues with Taiwan production rising
- **Q3 FY23 revenue guidance range midpoint: \$1.47B, 8.4% YoY growth**
- **FY23 revenue guidance: \$6.5B to \$7.5B, 25% to 44% YoY growth**

SMCI vs INDUSTRY GROWTH RATE (FY)



*Industry Avg based on Gartner & IDC estimates

TOTAL IT SOLUTIONS - OUR PATH TO \$10B+



- **5S: Software, Service, Switch, Storage, Security & More**
- **Total IT Solutions Enterprise, OEM – Appliance / Cloud**
- **Complete Systems**
- **Sub-systems & Components**

Our Momentum:

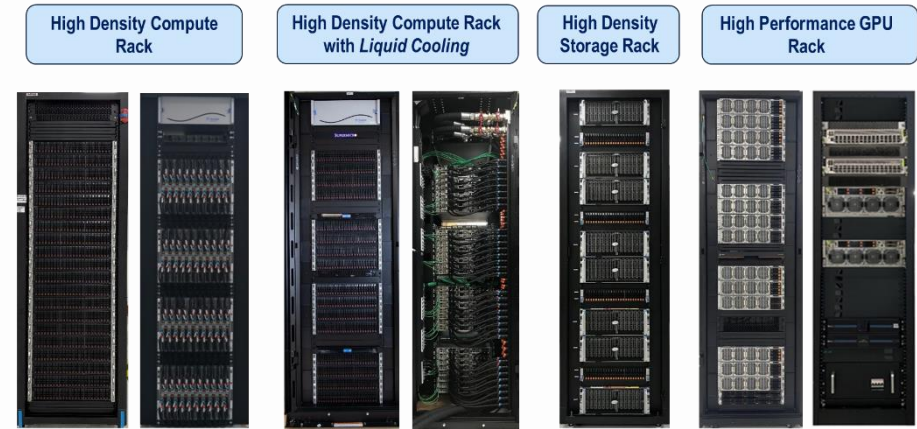
~5X+ Faster growth vs. industry avg. over the past 12+ months

ENABLING TOTAL IT SOLUTIONS



- **Total IT Solutions = Higher Value**
 - Rack-scale Plug & Play (L10, L11, L12) w/ optimized BBA Solutions
 - Scalable Optimized compute, storage, software & service
 - Cloud composer, Cloud orchestrator, IT & Cloud security, Cloud subscription
 - Addressing key verticals: AI, Cloud, Enterprise, & Edge/5G
 - Lowest TCO & leading Energy Efficiency
 - Choice with free-air, liquid cooling, & liquid immersion technologies
 - Single vendor solution: direct engineering resource
 - Capacity to ship thousands of racks per month with fast lead times
- **New Generation of Products**
 - **X13 Sapphire Rapids, H13 Genoa, H100 Hopper GPU**
 - Building Blocks to deliver products in TTM, Quality, Application Optimized & Service

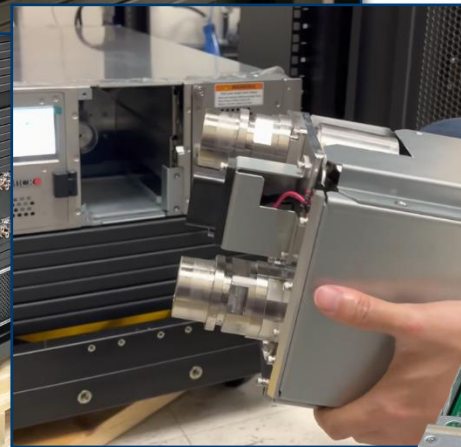
PnP RACK DESIGNS



RACK SCALE LIQUID COOLING



- Optimized for new high wattage (400W) CPUs & (700W) GPUs
- Reduced lead-time for liquid-cooling rack solutions down to 2 weeks
- Liquid Cooling can be free with big BONUS on OPEX



AI in a box 26dB/liquid cooling

OPERATIONS: ADDRESSING \$20B

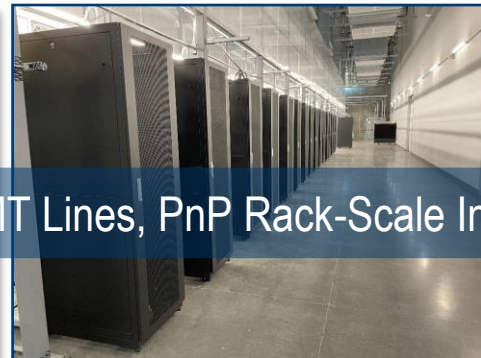


- Optimizing Global Operations with Scale and Cost
- Green Computing Park:
 - B23 (Command Center, B2B/C, and Cloud Services)
- Taiwan B62: 2X-3X APAC capacity in FY23+
- Supermicro Malaysia Campus and Partners
 - High Volume Production by Dec. 2023



Worldwide Capacity Targeting 4000 Racks/mo by Dec 23

SMT Lines, PnP Rack-Scale Integrations & Validations



GREEN COMPUTING FOR THE PLANET



- Improve Industry PUE (Target 1.05)
 - Adopting More Efficient Datacenter Cooling
 - Optimal Free-Air Cooling PUE @ 1.06
 - Optimal Liquid or Submerged PUE @ 1.05
 - **>\$10B** TCO Savings across industry
 - **>8B Trees** Saved
 - **>30 Fossil Fuel Power Plants** Reduction



300,000+ Supermicro Resource-Saving Blade Servers:

- \$20M in operating expense savings annually
- Cut refresh costs by >44%
- Achieves record PUE of 1.06

Source: Intel, Supermicro



Worldwide Green Computing Adoption
8+ Billion Trees Saved

Green Computing Data Reference:

<https://www.statista.com/statistics/1229367/data-center-average-annual-pue-worldwide/>
<https://www.statista.com/statistics/219596/worldwide-server-shipments-by-vendor/#:~:text=In%202020%2C%2012.15%20million%20server,figure%20recorded%20in%202018%20too.>
[https://www.electricrate.com/data-center/electricity-prices-by-country/#:~:text=If%20we%20averaged%20out%20the,the%20global%20average%20electricity%20price,500MW Coal Power Plant. <https://www.mcginley.co.uk/news/how-much-of-each-energy-source-does-it-take-to-power-your-home/bp254/>](https://www.electricrate.com/data-center/electricity-prices-by-country/#:~:text=If%20we%20averaged%20out%20the,the%20global%20average%20electricity%20price,500MW Coal Power Plant.)
<https://www.energy.gov/feem/science-innovation/office-clean-coal-and-carbon-management/advanced-energy-systems/transformativ>
<https://www.eia.gov/tools/faqs/faq.php?id=74&t=11>
<https://www.co2meter.com/blogs/news/could-global-co2-levels-be-reduced-by-planting-trees>



#1 in Green500 '21 – A Supermicro/PFN collaboration:

- Peak performance (theoretical): **3.92 Pflops**
- Performance for every watt of power consumed: **21.11 Gflops/W**

Source: PFN, Green500.org, Supermicro

Q2 FY2023 HIGHLIGHTS

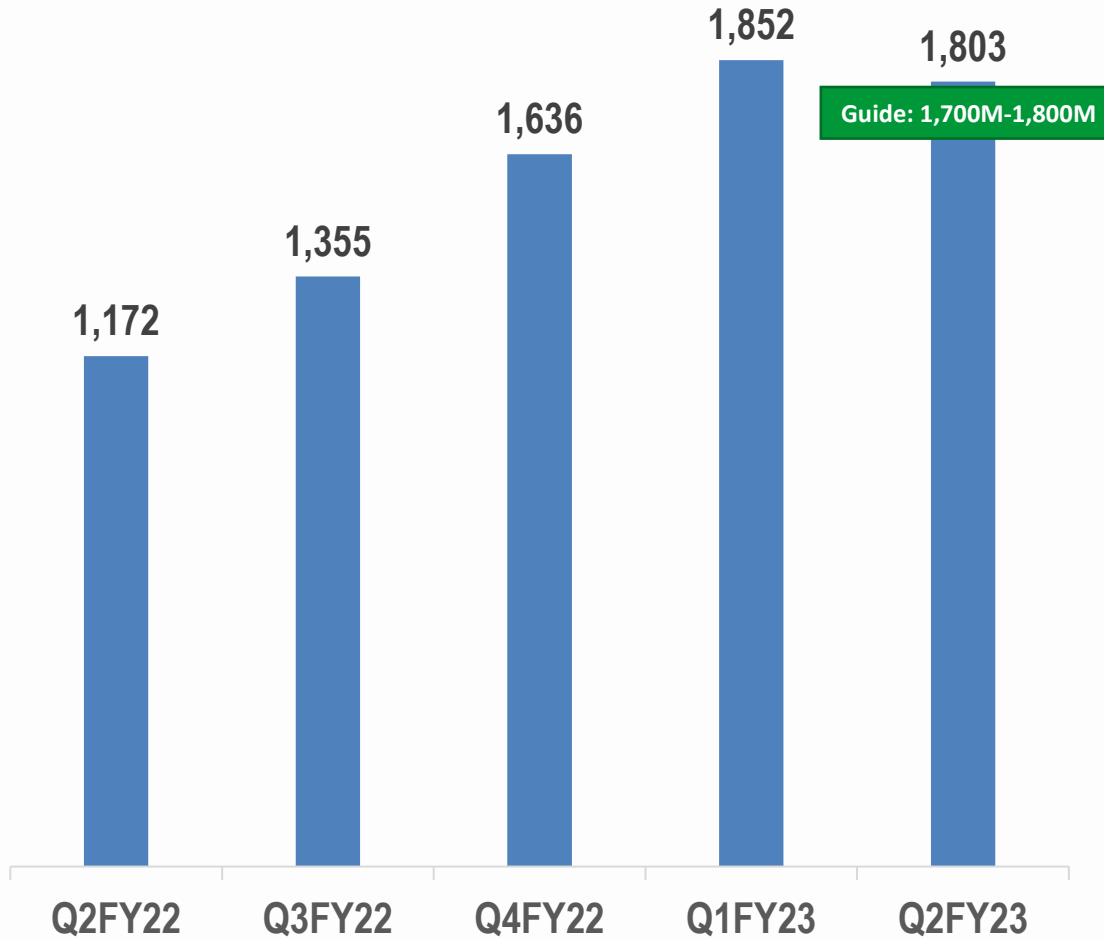


Server and Storage Systems Revenue +68% YoY

	Q2FY23	QoQ	YoY
Revenue	\$1,803M	-3%	+54%
Gross Margin (non-GAAP)	18.8%	No Change	+480bps
Earnings Per Share (non-GAAP)	\$3.26	-\$0.16	+\$2.38
Cash Flow from Operations	+\$161M	-\$153M	+\$214M
Mix			
Server and Storage Systems	\$1,661M (92%)	-3%	+68%
Subsystems & Accessories	\$142M (8%)	+2%	-24%

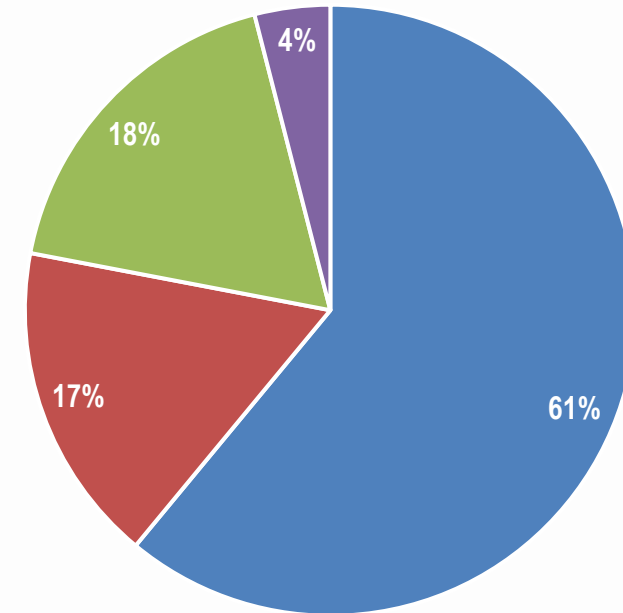
A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

REVENUE



- Q2FY23 Revenue: \$1,803M
- 8th Quarter of YoY Growth
- +54% YoY, -3% QoQ

Revenue Mix By Geography



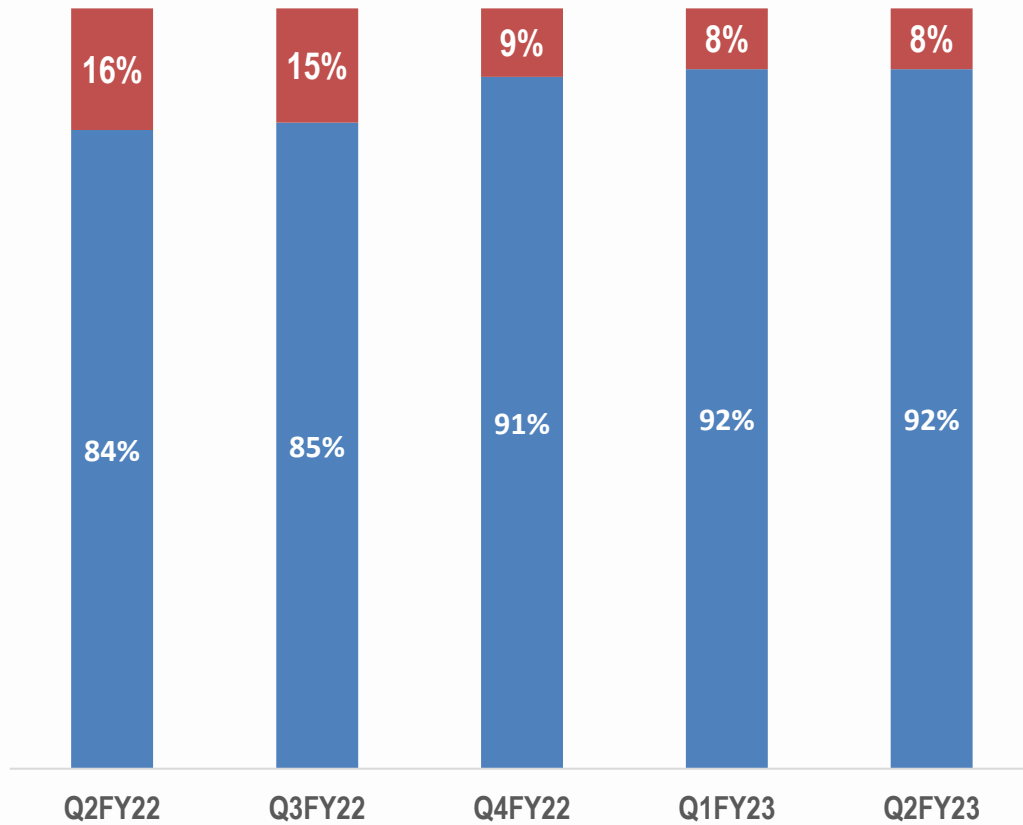
■ USA ■ Europe ■ Asia ■ Other

*China 3% of Total Revenue

REVENUE MIX

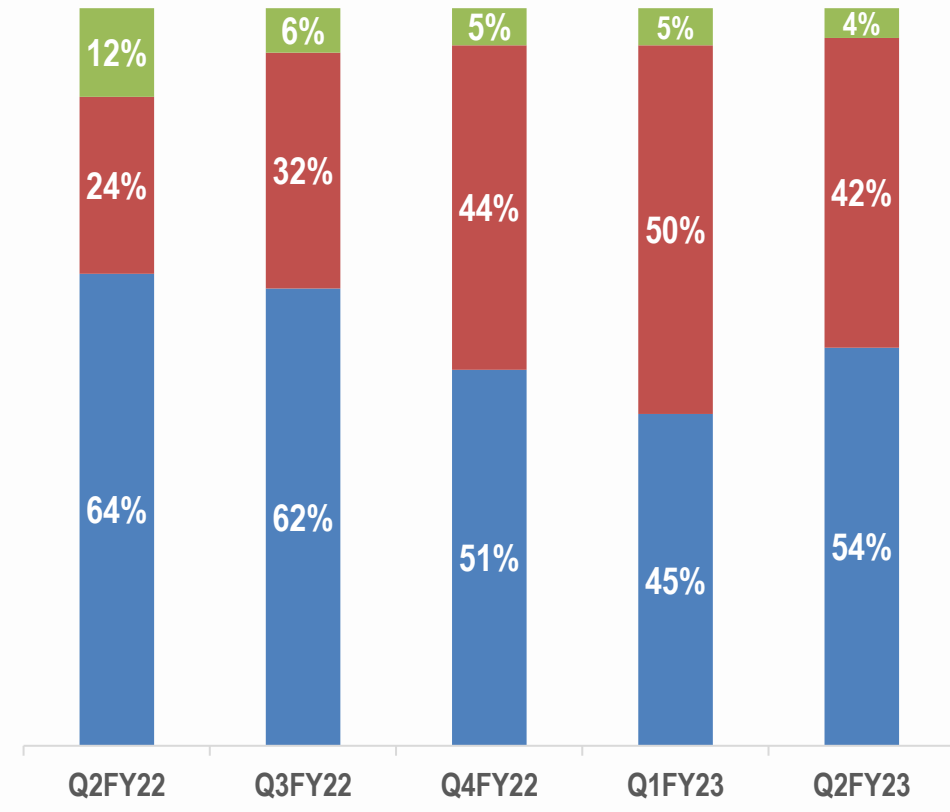


Server and Storage Systems & Subsystems



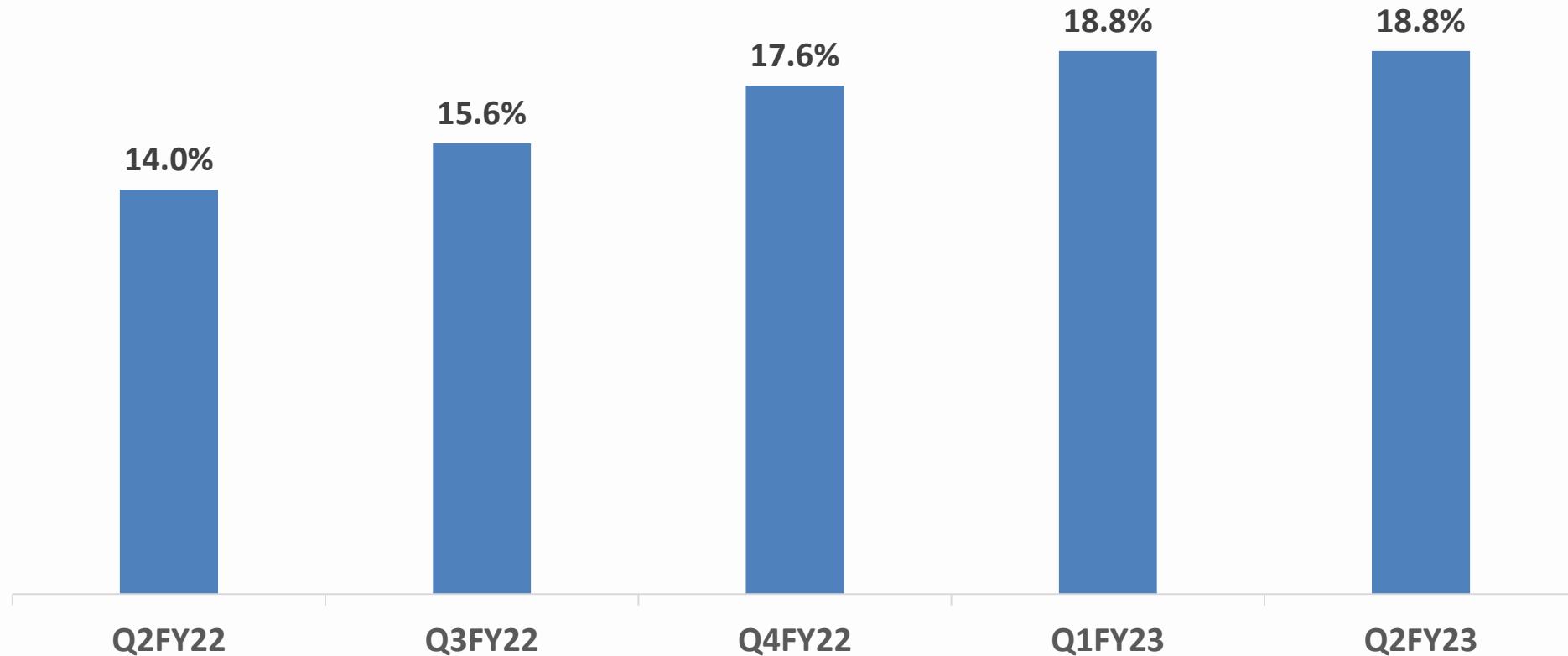
- Subsystems & Accessories
- Server and Storage Systems

Vertical Markets



- 5G, Telco & Edge/IOT
- OEM Appliance & Large DC
- Organic (Enterprise & Channel), AI/ML

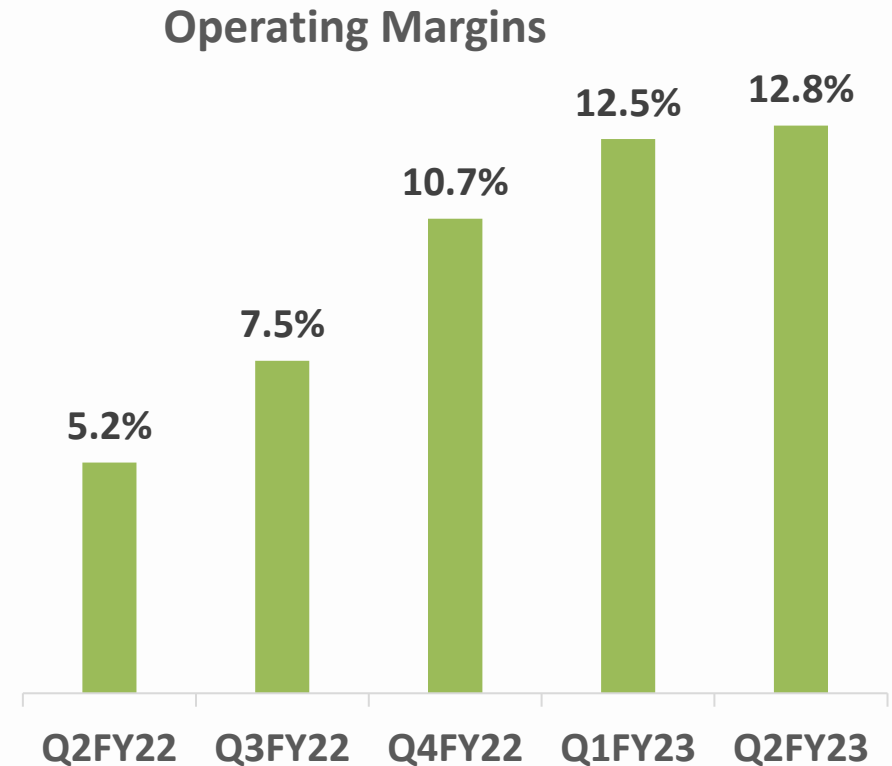
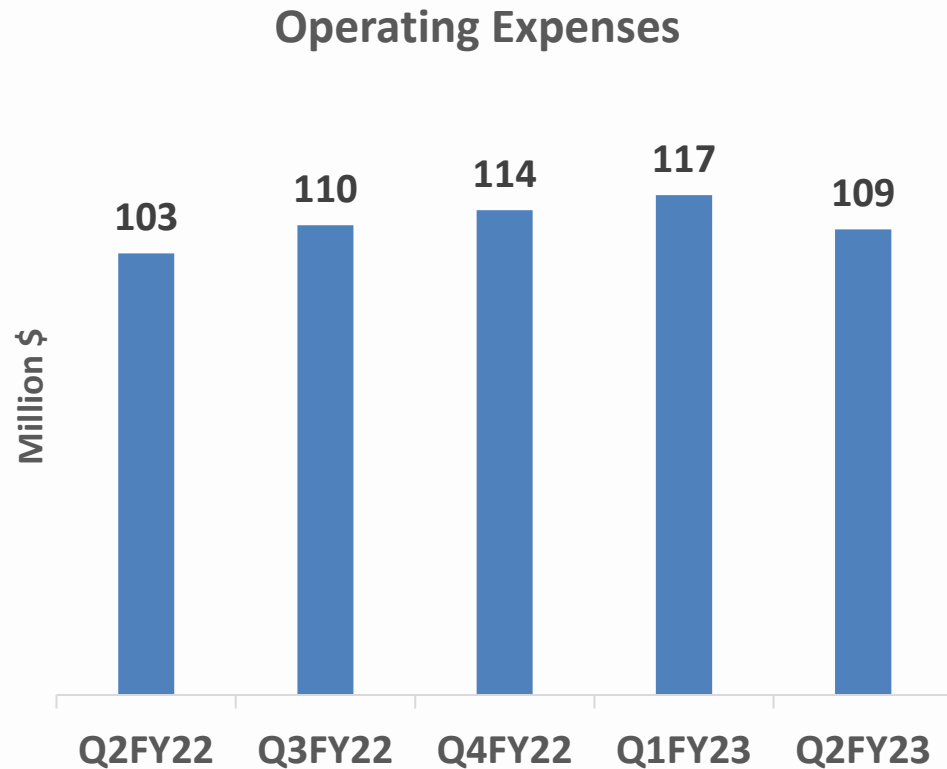
NON-GAAP GROSS MARGIN



- No Change QoQ, +480bps YoY
- Gross margin stable due to price discipline, good factory efficiency, and lower freight costs

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

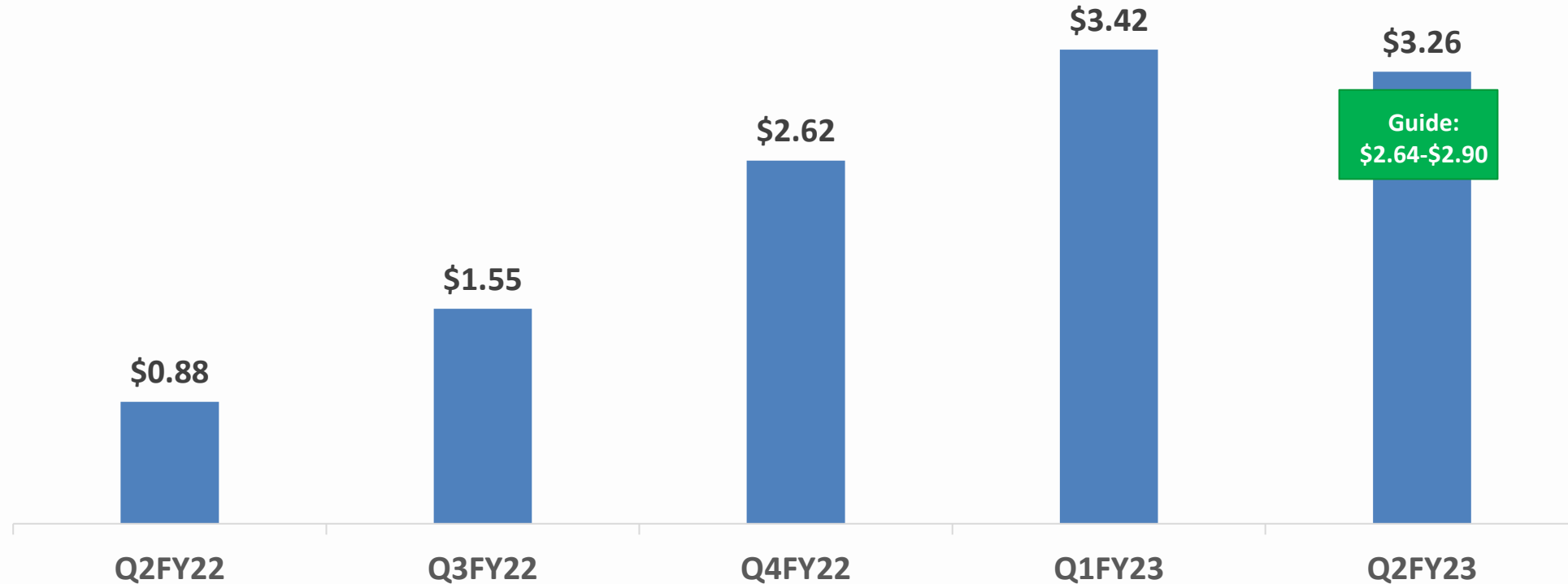
NON-GAAP OPERATING EXPENSES & MARGINS



- Operating margins benefiting due to leverage
- Operating expenses lower QoQ due to NRE & Marketing credits

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

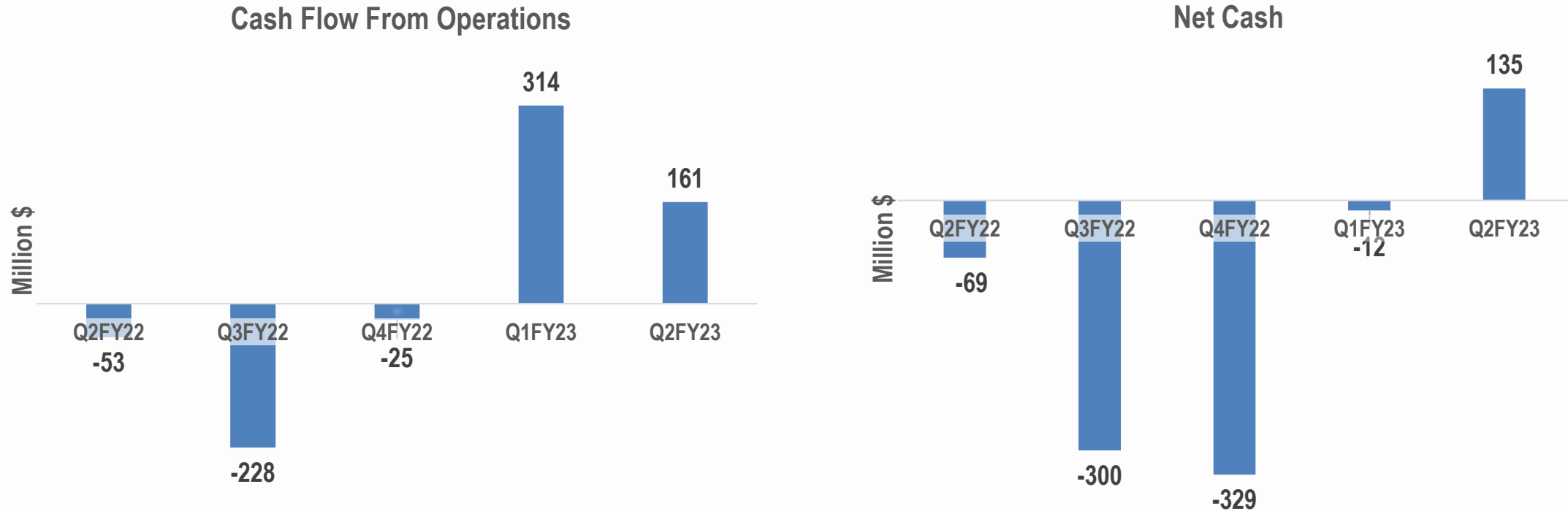
NON-GAAP EPS



- Q2FY23 Non-GAAP EPS of \$3.26, exceeded initial guide of \$2.64 to \$2.90
- EPS driven by better-than-expected Gross Margin and lower Operating Expenses

A reconciliation of GAAP to non-GAAP measures can be found in the appendix of this presentation.

CASH FLOW & NET CASH



- Q2FY23 Operating Cash Flow +\$161M, Free Cash Flow +\$151M
- Total Cash \$305M, Debt reduced by \$80M to \$170M
- Strong Net Profit and inventory management drove positive FCF

REVENUE & EPS OUTLOOK



	REVENUE	EPS
Q3 FY2023*	\$1.42B to \$1.52B	NON-GAAP: \$1.88 to \$2.14 GAAP: \$1.75 to \$2.02
Full Year FY2023**	\$6.5B to \$7.5B	NON-GAAP: \$9.00 to \$11.30 GAAP: \$8.50 to \$11.00

*The outlook for Q3 of fiscal year 2023 GAAP diluted net income per common share includes approximately \$9 million in expected stock-based compensation expense and other expenses, net of the related tax effects that are excluded from non-GAAP diluted net income per common share.

**The outlook for fiscal year 2023 GAAP diluted net income per common share includes approximately \$33 million in expected stock-based compensation expense and other expenses, net of the related tax effects, that are excluded from non-GAAP diluted net income per common share.



APPENDIX



GAAP TO NON-GAAP RECONCILIATION (1 OF 2)



In Thousands (except per share amounts and percentages)	FY2022			FY2023	
	Q2'22 Dec-21	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22
Consolidated Statement of Operations					
Net Sales	\$ 1,172,419	\$ 1,355,490	\$ 1,635,460	\$ 1,852,130	\$ 1,803,195
GAAP GROSS PROFIT	\$ 163,743	\$ 210,775	\$ 287,344	\$ 347,535	\$ 337,422
Stock-based compensation	471	460	498	884	1,486
NON-GAAP GROSS PROFIT	\$ 164,214	\$ 211,235	\$ 287,842	\$ 348,419	\$ 338,908
GAAP GROSS MARGIN	14.0%	15.5%	17.6%	18.8%	18.7%
Stock-based compensation	0.0%	0.1%	0.0%	0.0%	0.1%
NON-GAAP GROSS MARGIN	14.0%	15.6%	17.6%	18.8%	18.8%
OPERATING EXPENSE					
GAAP R&D	\$ 65,471	\$ 70,869	\$ 70,790	\$ 74,243	\$ 70,700
Stock-based compensation	(4,103)	(4,141)	(4,447)	(6,118)	(9,334)
NON-GAAP R&D	\$ 61,368	\$ 66,728	\$ 66,343	\$ 68,125	\$ 61,366
GAAP S&M	\$ 21,960	\$ 22,356	\$ 24,186	\$ 29,363	\$ 28,445
Stock-based compensation	(496)	(504)	(541)	(809)	(1,448)
NON-GAAP S&M	\$ 21,464	\$ 21,852	\$ 23,645	\$ 28,554	\$ 26,997
GAAP G&A	\$ 25,263	\$ 27,773	\$ 27,155	\$ 23,806	\$ 23,095
Stock-based compensation	(4,106)	(2,636)	(3,398)	(3,203)	(4,713)
Litigation settlement costs	-	(2,000)	-	-	-
Litigation (expense) recovery	(597)	(2,210)	(234)	-	2,230
NON-GAAP G&A	\$ 20,560	\$ 20,927	\$ 23,523	\$ 20,603	\$ 20,612
GAAP OPERATING EXPENSES	\$ 112,694	\$ 120,998	\$ 122,131	\$ 127,412	\$ 122,240
Stock-based compensation	(8,705)	(7,281)	(8,386)	(10,130)	(15,495)
Litigation settlement costs	-	(2,000)	-	-	-
Litigation (expense) recovery	(597)	(2,210)	(234)	-	2,230
NON-GAAP OPERATING EXPENSES	\$ 103,392	\$ 109,507	\$ 113,511	\$ 117,282	\$ 108,975

GAAP TO NON-GAAP RECONCILIATION (2 OF 2)



In Thousands (except per share amounts and percentages)	FY2022			FY2023	
	Q2'22 Dec-21	Q3'22 Mar-22	Q4'22 Jun-22	Q1'23 Sep-22	Q2'23 Dec-22
GAAP INCOME FROM OPERATIONS	\$ 51,049	\$ 89,777	\$ 165,213	\$ 220,123	\$ 215,182
Stock-based compensation	9,176	7,741	8,884	11,014	16,981
Litigation settlement costs	-	2,000	-	-	-
Litigation expense (recovery)	597	2,210	234	-	(2,230)
NON-GAAP INCOME FROM OPERATIONS	\$ 60,822	\$ 101,728	\$ 174,331	\$ 231,137	\$ 229,933
GAAP OPERATING MARGIN	4.4%	6.6%	10.1%	11.9%	11.9%
Stock-based compensation	0.8%	0.6%	0.6%	0.6%	1.0%
Litigation settlement costs	-	0.1%	-	-	-
Litigation expense (recovery)	0.0%	0.2%	0.0%	0.0%	-0.1%
NON-GAAP OPERATING MARGIN	5.2%	7.5%	10.7%	12.5%	12.8%
GAAP TAX EXPENSE	\$ 7,599	\$ 16,192	\$ 25,760	\$ 38,934	\$ 29,573
Adjustment to tax provision	3,339	3,415	4,137	3,230	4,300
NON-GAAP TAX EXPENSE	\$ 10,938	\$ 19,607	\$ 29,897	\$ 42,164	\$ 33,873
GAAP NET INCOME	\$ 41,932	\$ 76,972	\$ 140,822	\$ 184,416	\$ 176,167
Stock-based compensation	9,176	7,741	8,884	11,014	16,981
Litigation settlement costs	-	2,000	-	-	-
Litigation expense (recovery)	597	2,210	234	-	(2,230)
Adjustments to tax provision	(3,339)	(3,415)	(4,137)	(3,230)	(4,300)
NON-GAAP NET INCOME	\$ 48,366	\$ 85,508	\$ 145,803	\$ 192,200	\$ 186,618
GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.82	\$ 1.49	\$ 2.70	\$ 3.51	\$ 3.31
Impact of Non-GAAP adjustments	0.12	0.16	0.10	0.14	0.20
NON-GAAP NET INCOME PER COMMON SHARE – BASIC	\$ 0.94	\$ 1.65	\$ 2.80	\$ 3.65	\$ 3.51
GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.78	\$ 1.43	\$ 2.60	\$ 3.35	\$ 3.14
Impact of Non-GAAP adjustments	0.10	0.12	0.02	0.07	0.12
NON-GAAP NET INCOME PER COMMON SHARE – DILUTED	\$ 0.88	\$ 1.55	\$ 2.62	\$ 3.42	\$ 3.26
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE					
BASIC – GAAP	51,314	51,708	52,111	52,598	53,160
BASIC - NON-GAAP	51,314	51,708	52,111	52,598	53,160
WEIGHTED-AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE					
DILUTED – GAAP	53,511	53,786	54,260	55,017	56,144
DILUTED - NON-GAAP	54,947	55,194	55,611	56,271	57,318



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